

Activity Group Capital Investment Summary
Defense Logistics Agency (DLA)
Defense Reutilization and Marketing Service (DRMS) Activity Group
February 1999
 (\$ in Millions)

Line Number	Item Description	FY 1998		FY 1999		FY 2000	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
REP 000	EQUIPMENT (Non ADP/T) \$0.1 to \$0.499 Replacement	8	1.6	10	1.5	12	1.4
PRD 000	Productivity	7	1.2	9	1.2	8	0.9
NEW 000	New Mission	1	0.4	1	0.3	4	0.5
REP 000	EQUIPMENT (Non ADP/T) \$0.5 to \$0.999 Replacement						
PRD 000	Productivity						
NEW 000	New Mission						
REP 000	EQUIPMENT (Non ADP/T) \$1.0 and Over Replacement						
PRD 000	Productivity						
NEW 000	New Mission						
	<u>TOTAL EQUIPMENT (Non ADP/T)</u>	8	1.6	10	1.5	12	1.4
ADP 000	ADP/T EQUIPMENT \$0.1 To \$0.499					12	1.2
ADP 100	ADP/T EQUIPMENT \$0.5 To \$0.999						
ADP 200	ADP/T EQUIPMENT \$1.0 and Over	1	1.4				
	<u>TOTAL EQUIPMENT (ADP/T)</u>	1	1.4			12	1.2
SWD 000	SOFTWARE DEVELOPMENT \$0.1 To \$0.499				0.2		
SWD 100	SOFTWARE DEVELOPMENT \$0.5 To \$0.999						
SWD 200	SOFTWARE DEVELOPMENT \$1.0 and Over		1.7		4.2		
	<u>TOTAL SOFTWARE DEVELOPMENT</u>		1.7		4.4		
RPM 000	<u>MINOR CONSTRUCTION</u>		7.4		8.0		10.9
	<u>TOTAL AGENCY CAPITAL INVESTMENTS</u>	9	12.2	10	13.9	24	13.5

**Capital Budget Execution
Defense Logistics Agency
Defense Reutilization and Marketing Service (DRMS) Activity Group
FY 1999
Deferrals/Cancellations/Substitutions
(Dollars in Millions)**

EQUIPMENT EXCEPT ADP/T:

Replacement<\$500K	0.3	Projects reprioritized
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SOFTWARE DEVELOPMENT:

DAISY Mod	0.2	Project rescoped
Workflow Manager	-0.2	New requirement

TOTAL FY 1999	0.3	
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Activity Group Capital Investment Justification
(\$ in Thousands)

A. Budget Submission
**FY 2000/2001 Biennial
Budget Estimates**

B. Component/Activity Group/Date Defense Logistics Agency
Reutilization & Marketing Service Activity Group February 1999

C. Line Number & Item Description
REP 000 Replacement Equipment \$0.1 to \$0.499

D. Activity Identification

Element of Cost				FY 1998			FY 1999			FY 2000		
	Quantity	Unit Cost	Total Cost									
Total REP 000				7	175.6	1,229	9	134.4	1,210	8	115	920

Narrative Justification:

These investments of tool carriers, scrap handlers, and other warehouse equipment are required to replace existing items that have reached or exceeded the useful life established for these categories. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment.

FY 2000 projects include: eight tool carriers (\$115) at Anchorage, Kaiserslautern, Fairbanks, Sierra, Texarkana, Great Lakes, Lejeune, and Stewart.

The Return on Investment on these projects ranges from 1.12 to 3.11 and the payback period ranges from 2.86 to 5.82 years.

Activity Group Capital Investment Justification
(\$ in Thousands)

A. Budget Submission
**FY 2000/2001 Biennial
Budget Estimates**

B. Component/Activity Group/Date Defense Logistics Agency
Reutilization & Marketing Service Activity Group February 1999

C. Line Number & Item Description
PRD 000 Productivity Equipment \$0.1 to \$0.499

D. Activity Identification

Element of Cost				FY 1998			FY 1999			FY 2000		
	Quantity	Unit Cost	Total Cost									
Total PRD 000							1	275	275	4	126.3	505

Narrative Justification:

A tool carrier at DRMO Kastel (\$115) is required to provide rough terrain capabilities. DRMO operations are conducted on unimproved areas where conventional two wheel drive forklifts are unable to operate. The primary purpose of the tool carrier is the unloading of valuable loose metals such as brass and shell casings. This machine will also be used for the movement and segregation of recyclable materials.

Mechanization equipment (\$130) is required for new conforming material handling storage systems at DRMO's Scott, Norfolk and Lewis. These storage systems will include pallet racks, portable workstations, portable ladders, and security cages.

The Return on Investment on these projects ranges from 2.58 to 6.6 and the payback period ranges from 1.3 to 3.5 years.

Activity Group Capital Investment Justification
(\$ in Thousands)

A. Budget Submission
**FY 2000/2001 Biennial
Budget Estimates**

B. Component/Activity Group/Date Defense Logistics Agency
Reutilization & Marketing Service Activity Group February 1999

C. Line Number & Item Description
ADP 000 \$0.1 to \$0.499

D. Activity Identification

Element of Cost				FY 1998			FY 1999			FY 2000		
	Quantity	Unit Cost	Total Cost									
Total ADP 000 Base Level Support										12	100	1,200

Narrative Justification:

The Hewlett Packard (HP) servers located at the DRMO's were procured in 1992 and 1993. The current HP877's are running under the HP-UX version 10.2 which will not be supported in the near future. HP has released version 11.0. DRMS needs to replace these 12 HP's as they will be beyond the 5 year replacement cycle and will be using an antiquated operating system. If replacements are not made, maintenance costs to support the older machines will increase, an additional system administrator will be needed to support multiple versions of the operating system (42 HP 750's are being upgraded to HP-UX version 11), and down-time for repairs will increase resulting in productivity shortfalls.

The Return on Investment is 2.1 with an estimated payback of 4 years.

Activity Group Capital Investment Justification
(\$ in Thousands)

A. Budget Submission
**FY 2000/2001 Biennial
Budget Estimates**

B. Component/Activity Group/Date Defense Logistics Agency
Reutilization & Marketing Service Activity Group February 1999

C. Line Number & Item Description
RPM 000 Minor Construction

D. Activity Identification

Element of Cost				FY 1998			FY 1999			FY 2000		
	Quantity	Unit Cost	Total Cost									
Minor Construction						7,435			8,000			10,900

Narrative Justification:

The minor construction investment for projects between \$100,000 and \$500,000 each, will construct new or modify existing facilities for mission and operational improvements. These projects consist of:

- (1) Renovation of administrative facilities and restrooms.
- (2) Mission operational facilities such as scrap bins, truck scales, paving open storage and new warehouses.
- (3) Fencing, drainage and road improvements.

Additional minor construction requirements are for incidental improvements associated with facilities repair projects. These investments will result in cost effective facilities to support the mission.

**Capital Budget Execution
Defense Logistics Agency
Reutilization and Marketing Services Activity Group
FY 1998
FY 2000/2001 Biennial Budget Estimates
(Dollars in Millions)**

PROJECTS ON THE FY 1999 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
1998	Equipment except ADPE & TELCOM:	0.0	1.6	1.6	0.0	
	Replacement <\$500K	(0.1)	1.1	1.2	(0.1)	FY99 project accelerated
	New Mission <\$500K	0.1	0.5	0.4	0.1	Project deferred to FY 1999
1998	Equipment - ADPE & TELCOM:	(0.1)	1.3	1.4	(0.1)	
	Base Level Support	0.2	0.2	0.0	0.2	Cancelled
	Equipment for DAISY Mod	(0.3)	1.2	1.4	(0.3)	Project repriced
1998	Software Development:	3.9	5.6	1.7	3.9	
	DAISY Mod	3.9	5.6	1.7	3.9	Project rescoped
1998	Minor Construction:	0.6	8.0	7.4	0.6	
	Total FY 1998	4.3	16.5	12.2	4.3	

**Capital Budget Execution
Defense Logistics Agency
Reutilization and Marketing Services Activity Group
FY 1999
FY 2000/2001 Biennial Budget Estimates
(Dollars in Millions)**

PROJECTS ON THE FY 1999 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
1999	Equipment except ADPE & TELCOM: Replacement <\$500K	0.3	1.7	1.5	0.3	Projects reprioritized
		0.3	1.7	1.5	0.3	
1999	Equipment - ADPE & TELCOM: Base Level Support	0.0	0.0	0.0	0.0	
		0.0	0.0	0.0	0.0	
1999	Software Development: DAISY Mod	(0.0)	4.4	4.4	(0.0)	Project rescope New requirement
	Workflow Manager	(0.2)	0.0	0.2	(0.2)	
1999	Minor Construction:	0.0	8.0	8.0	0.0	
	Total FY 1999	0.3	14.1	13.9	0.3	